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REPORT OF PROCEEDINGS

AT A

GENERAL MEETING

OF THE

HUDSON'S BAY COMPANY,

HELD AT THE COMPANY'S HOUSE,
FENCHURCH STREET,

ON TUESDAY, 24TH NOVEMBER, 1868.

THE RIGHT HONORABLE
THE EARL OF KIMBERLEY, GOVERNOR,
IN THE CHAIR.



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Nov. 24, 1960

REPORT.

On the motion of the CHAIRMAN, the Report was taken as read.

The CHAIRMAN : The next resolution is one which is ordinarily made on these occasions, namely a resolution for the adoption of the Report of the Committee. Before I touch upon the questions of importance alluded to in the Report, I may refer to some minor matters. You will have observed I have no doubt, that the sales of the furs of the Company have produced a larger return than they did last year. That is a satisfactory feature in the present condition of the trade. As regards the House in Fenchurch Street, I regret that we have not been able to sell it. It would of course be exceedingly unwise to sell it at a great loss. The Committee are exceedingly anxious to part with it. They have taken opinions as to its value, and the shareholders may rest assured that they will sell it to the best advantage when they have an opportunity. Now, gentlemen, the really important matter which no doubt has engaged the attention of those who have read this Report, is the negotiations which we are carrying on with the government with respect to the cession of your territorial rights. Most of you have perhaps read a letter which has been addressed to me by Mr. Bonar, a shareholder in the Company, and which I am very glad to see he has been good enough to print for our use on this occasion.

Now, in many things which are said in that letter I concur. The letter is one which it is exceedingly natural that a shareholder having a stake in the interests of this Company, should on an occasion of this kind address to its Chairman, and I can assure the shareholders, that far from wishing to deprecate the expression of independent opinion by the shareholders, the Committee earnestly wish for the expression of their opinion, which undoubtedly strengthens them in the negotiations which they have to carry on. As Mr. Bonar justly remarks, we are trustees for the Company, and the shareholders are those who have a stake in the funds of the Company, and to whom we must look for an expression of their feelings. I have made these remarks, in order that no person may suppose that in any observations I proceed to make with regard to this letter, (for when I observe upon the letter I am in fact dealing with the whole question,) that I do so in the slightest unfriendly spirit towards the writer. There is one point which I will first take notice of. It refers to a very important question which was dealt with before I had the honor to be Chairman of the Company. Mr. Bonar states that he must renew the complaint which has frequently been made, that the Directors have failed to apply the fund subscribed under the prospectus of 1863, to the purposes expressed in that prospectus, and have declined to adopt any measures for the profitable settlement of the Territory. Now that was a question, which, as I am informed, was very properly submitted to the shareholders for their vote, and I have here the numbers of those who voted on that occasion. The number voting in favor of a motion proposed in the sense of Mr. Bonar's statement was 122, holding 5308 shares and £106,161 stock. The numbers voting on the other side were 496, holding 53,942 shares and £1,078,841 stock. Now it is impossible, I apprehend, that you can expect that the Committee should re-open this question,

when it has been so fully and entirely disposed of by the shareholders themselves, in the most legitimate way in which their opinion can be taken. Therefore, I shall pass on to another subject, not troubling you with any further observations upon that. Mr. Bonar is much discontented that the Committee have not furnished information to the shareholders upon this occasion, as to the position and progress of the negotiation. If the Committee had received a definite answer from the government that they could have laid before the shareholders—and they thought that they might have received such a definite answer, even in the interval between the publication of the Report and this meeting—they undoubtedly would have brought the whole subject before the shareholders. They were prepared and anxious to lay before them all the correspondence which has taken place; but it seems to me that any gentlemen having experience of business must see that, whilst the correspondence is entirely incomplete, to lay before the shareholders a portion of that correspondence would be, not to place them in a position to form any definite judgment as to what has taken place, but would, in fact, prejudice the negotiation itself and invite an expression of opinion, when that expression of opinion could not be given upon a full knowledge of all the circumstances of the case. Now let me also point out a very important feature in the business—one which has been repeatedly pointed out from this chair—namely, that anything the Committee may do is subject to the ratification of the shareholders. We have invariably expressed to the government, in our communications with them, the obligations we are under to have our acts ratified by the shareholders—we have expressed that opinion not merely formally, but we have explicitly stated that it was impossible for us to do more than pledge our individual opinion, and promise to use such influence as we might command, in bringing before the

shareholders any proposition which we thought might fairly be adopted as a basis of agreement. That is the position of the matter. Now if you were to pass a distinct resolution, as I said at a former meeting, that you would only accept such and such terms, in point of fact that would be no negotiation at all: it would be merely going to the government and saying, "This is what the Company will do: if you don't accept that, we fall back upon a simple retention of our territory." This seems to me perfectly inconsistent with all that has hitherto been done, namely a negotiation which has been conducted by the Committee, I must assume with the authority of the shareholders, before I had the honor to be Governor, and which is still in progress. But let me tell the shareholders this; we have not failed to bring fully before the government, since our last meeting, the views that were expressed in this room upon that occasion. We pointed out the expression of feeling which was then given vent to, and we have strongly urged the necessity of making full compensation to the Company for the cession of its territory. Now, gentlemen, I think it would be wrong in the interests of the Company itself, to enter into explanations as to what we have done and what we have proposed;—therefore I shall abstain from doing so. But this I am prepared to say, namely, that if we do not obtain very shortly from the government a definite answer, and if the negotiations seem likely to continue in an incomplete state without coming to a point, then the Committee will lay before the proprietors the whole state of the case and the entire correspondence. It would strengthen their hands very much indeed, to have all that correspondence laid before the proprietors and to know what their opinion is with regard to what has taken place. But in the present stage, I am certain it would not be respectful to the government, and that it would be most detrimental to your interests, if we were to produce the

correspondence, and I must say, for myself, I could not undertake the responsibility of doing so at the present juncture.

Gentlemen, I know not that I need enlarge any further upon this matter, because probably some gentlemen will wish to express opinions with regard to it, and then I may have occasion, in answer, to say something further. Before sitting down, I will only allude to one other point, which is very important, namely,—the delay in the settlement of the claims of the Company in the Oregon Territory. We have been exceedingly dissatisfied with the want of progress in these negotiations. We have spared no pains in pressing upon our agent the importance of making more speedy progress, and we have at last taken the only step which was within our power to take: we have made a representation to the Secretary of State for Foreign Affairs, and requested him to make a representation on the subject to the government at Washington. There is no other step we can take. We have done all in our power, and if the shareholders feel discontented at the position of this affair, I can assure them that the feeling is fully shared by the Committee, and that nothing we can do to bring this business to a close shall be omitted on our part. I beg leave now to move the adoption of the Report.

Sir CURTIS MIRANDA LAMPSON: I beg to second the motion.

Mr. BONAR: As the writer of the protest before the meeting, and as trustee for more than £8,000 stock in this Company, I cannot accept the assurances of your Lordship, sincerely as they are given and satisfactory as they are in some respects, in the place of a direct pledge which alone, I think, could remove the feelings of anxiety and apprehension felt by the shareholders. A distinct pledge would alone remove these apprehensions. At the same time, I beg to say that if I am not supported by this meeting in

the protest I have just given, I must request your Lordship to record it upon the minutes of the day, in view of events that may happen.

Mr. ELEY: I wish to make a few observations with regard to the Report sent round to the shareholders. I must confess that anything more inconsequential than the conclusions arrived at, based as those conclusions are upon the premises laid down by the directors themselves, I never heard in my life. Every paragraph in the Report congratulates us upon the high state of prosperity which we are now in the enjoyment of. We are not merely told that our prospects for the future are good, but we are referred to realized results. We are told that the quantity of furs that we have obtained has been larger; we are told that the prices obtained for them have been larger; that the articles of merchandise we sent across the water have been sold at better prices, and that in every respect our position and prospects are better than they were at the date of the last meeting. Now the only logical and sensible conclusion that can be drawn from those premises is that we should be in the receipt of a larger dividend. I, for one, do not complain of the dividend *per se*. If we are only earning three per cent. or two or one per cent., we cannot, of course, expect to receive more. But what I complain of is that the Report is not one which ought to prove acceptable to business men, inasmuch as it gives us reasons why we should receive a larger dividend, while, at the same time, a declaration is made of a dividend one per cent. less than was declared last year, when our prospects were not so good and the results realised were not so good. The directors in their Report tell us the reason of this diminished dividend is that certain accounts are not made up and that certain produce has not been sold. If my memory serves me, we have been told the same thing at previous meetings when an interim dividend has been declared. I

think I am right in saying that last year, when we received one per cent. more dividend, the same reasons were given, but the directors told us that, notwithstanding that, they felt in a position to declare a dividend of four per cent. I am not sure whether I am right or not. ("No, no.") I will take it for granted I am wrong and, even supposing I am wrong, to give us paragraph after paragraph shewing why we should receive a larger dividend and then winding up by recommending a smaller, appears to me most extraordinary. Now if the fact be as I believe it is that, notwithstanding our prosperous condition, the directors do not see from their review of the circumstances of the case that we are likely to earn a greater dividend than three per cent. for the whole year, why not say so? Then, as business men, we could understand it. Now I wish to make special reference to some remarks that have been made with regard to the question submitted to the shareholders some two years ago with respect to the carrying out of the condition named in the prospectus—a condition which was the sole inducement for us to subscribe two millions of money. I wish to refer to your lordship's answer to Mr. Bonar, which I think very conclusive, namely, that the question was submitted to the shareholders and that the shareholders decided that the condition should not be fulfilled. But, my lord, you forget one important circumstance, that that condition was held out in the prospectus as an inducement to us to give two millions of money for property which we could have bought in the market for one million. Now I cannot help remarking that, of that two millions that we subscribed, no less a sum than £500,000, or the greater portion of it, is totally unaccounted for. We hear names mentioned out of doors and we have heard sums of money mentioned in connection with those names. It would be imprudent and perhaps dangerous to refer to them here, but I, for one, unless the negotiations

which you are carrying on with the Canadian government result satisfactorily to us, should be happy to help Mr. Bonar, if he chose to take action in the matter, in endeavouring to discover who it was received that money. Is it to be supposed for a moment that had we, as business men, been asked five years ago to subscribe two millions of money for that which we could have obtained for one million in the market, and that in return for that two millions we were to have transferred simply a fur-trade business—is it to be supposed that one farthing of that money could have been obtained? Certainly not. I, for one, subscribed my money entirely upon the faith of the promises held out by the directors in the prospectus. I formed one of a deputation to Sir Edmund Head some two or three years ago; I think Mr. Colville was present at the time. I pressed very much upon his attention the fact that those promises were contained in the prospectus, and I told him in so many words, that it was entirely upon the faith of those promises that I, for one, subscribed my money. Sir Edmund Head seemed exceedingly angry that we did not see that the obstacles to the fulfilment of that condition were palpable, self-evident, and insuperable. (“What condition?”) The condition that the balance of money left after the payment of certain things referred to was to be applied to the colonization of the country. Sir Edmund Head seemed quite angry (Mr Bonar will bear me out in what I am saying) that we did not see at once how palpable, self-evident, and insuperable those objections were. Well, so far from that being any excuse for the directors, it forms the *gravamen* of our complaint. We say, if those objections are so self-evident and palpable that no business man can fail to see them, we want to know why they made the promise they did in the prospectus, which promise alone induced us to subscribe two millions of money. Now, my lord, that question has been put from

time to time in various forms and shapes. I referred to it at the last meeting but I have never succeeded in obtaining any reply. It was only after our money had been obtained and after those bonuses had been distributed to the parties to whom I have referred, that we were told that the conditions could not be fulfilled. My lord, your high character warrants me in saying that if you were to enter into a contract, say with myself, and in virtue of that contract received from me a sum of money and a few years afterwards you found you could not fulfil the conditions upon which you obtained that money, and, if, moreover, you admitted that the obstacles to the fulfilment of the conditions made by you were so palpable and self-evident that any business man could not fail to see them, I feel sure that you would instantly return the money. My lord, I feel sure that if you will only make an impartial review of the circumstances I have detailed, you will not contradict me when I say that our money has been unfairly obtained from us. I make that statement most advisedly. We are suffering from a sense of wrong and that sense of wrong is added to and intensified by the knowledge of the fact that of the large sum so obtained from us by this inducement a very large proportion was distributed in the shape of bonus to those who I presume had something to do with the concoction of the Report. I pressed the matter upon the attention of Sir Edmund Head and he told me very angrily that the directors were not responsible for the prospectus. I must confess that I never listened to any statement with so much surprise in my life. What do the public suppose when they see a prospectus put forward with names at the head of it as directors, of gentlemen who stand high in the City of London? They, of course, assume at once that the terms of that prospectus have been settled and are sanctioned by the directors; and I want to know if the directors are not

responsible for the terms of that prospectus and if, as they admitted by the mouth of Sir Edmund Head, the obstacles to the fulfilment of the conditions they made were so palpable and self-evident. I want to know how or by what means they could have been induced to allow their names to be placed at the head of that prospectus, knowing as they did full well that the placing of their names there would be an inducement to the public to subscribe their money as they did. Now, my lord, this is really the question and it is a question that has never yet been answered. I say that we were induced to subscribe two millions of money entirely upon the faith of the condition expressed in the prospectus, for which I hold the directors responsible; and I say that failing in their endeavours to effect a satisfactory arrangement on our behalf with the Canadian government with regard to the cession of our territory they are morally bound to return us the money themselves. Of course it sounds a very ridiculous thing, but I am sure of this that not one of those gentlemen would condescend to enter into a contract with any English merchant and having obtained a certain sum of money would turn round and say that the fulfilment of the conditions entered into was impossible. With regard to the question having been submitted to the shareholders for their decision, we know very well that shareholders generally follow in the wake of directors and that nine times out of ten they do exactly as they are told. That is what I am afraid of with regard to the negotiations with the Canadian government. I am afraid that whatever the directors may recommend to us, the shareholders will like a flock of sheep follow. My lord, I have referred to the question in a business manner and I confess I should like to hear something like an answer to what I have stated.

The CHAIRMAN : Nothing can be fairer than the manner in which the gentleman who has just sat down has stated

his views, though, perhaps, he was rather severe upon some matters connected with the management of the Company. In the first place, let me deal with the statement with which he commenced—namely, his objection to the character of our Report on this occasion, followed as it is by the declaration of a small dividend. Now, gentlemen, as far as I am concerned, and I am certainly responsible for this Report in common with the rest of the directors, I personally abhor what may be called a rose-colored Report. I had thought that we had kept the tone pretty much down, and had not said anything beyond the facts of the case; but I am sorry to find that, in the minds of some gentlemen it has seemed to produce too strong an impression. After all, if you will examine the statements, you will find that they do not amount to quite so much as has been represented. In the first place, we tell you that the fur returns have been landed in excellent condition, which, no doubt, is a fact, and that the estimated value shows an increase compared with last season—of course, we can only give an estimate. Next we say that there has been an advance in the prices of many of the staple articles of the trade, notwithstanding the large amount of goods offered for sale. We then go on merely to mention that the trade is somewhat improved in Vancouver's Island and British Columbia. On the other side, we refer to the disastrous famine in the Red River Settlement, which will cause a serious increase in our expenses. With respect to the Red River famine—to which I ought to have alluded in moving the Report—I desire to express, on behalf of the Committee, and I am sure I may do so on behalf of the whole Company, their thanks to those gentlemen who liberally subscribed upon the occasion of our asking the public to aid us in relieving that distress. Although the amount may not seem to have been very large, altogether about £2,800, yet it was not so much the largeness of the amount

as the time when the money was subscribed that was of importance. It was of importance to be able to send out at once by telegraph orders to purchase a quantity of flour, and to make other preparations to meet this distress. I am happy to say that we have since received from Governor Mactavish information that the money sent out and the instructions given will be sufficient to enable him to meet the crisis. This may seem a small matter as regards the general prospects of the Company, but it is not a small matter with regard to the sympathy shown to the population living in our territory, and the feeling of the Company with regard to the settlers there. I hope, at all events, that the action of the Committee in that respect will be unanimously approved in this room. But to return to the character of our Report: I say that the statements that we have made are not altogether of that rose-colored hue which they have been represented. We are told that the dividend is smaller than it was last year. I thought that the experience of last year had shown that the interim dividend which was declared at the corresponding period of the year was too large, and that it was very important that the Committee should not declare an interim dividend larger in proportion than the ultimate dividend might warrant. It is evidently much better that that interim dividend should be very cautiously declared. If afterwards the expectations are fulfilled, then a larger dividend may ensue; but, to declare a large interim dividend now, and subsequently to have a smaller one, is evidently to mislead the shareholders, and is not a proper policy to adopt. I wish further to make this observation that, although we mention an improvement in the trade, the money which may come from that is not yet realised. There are symptoms of improvement; but, when you are merely pointing out symptoms of improvement, and have not got the money in hand, because a considerable proportion of the furs are not yet sold, to

base upon those favorable expectations a declaration of dividend, is as contrary to sound finance and good principles of business as anything the directors could do. Now, we adhere to the opinion that we have favorable prospects of trade upon the whole; but we also say that we do not think that the results as yet obtained would warrant us in telling the shareholders, and we have not told them that there would be an increased dividend. Now, I come to the statements which have been made concerning the non-fulfilment of the prospectus which was issued by the Financial Company, who purchased the shares from the old Company. Gentlemen will see that I am not personally in a position to make a statement with regard to the actions of my colleagues with the same authority as those gentlemen themselves could make it. All I can say is this, I certainly endeavoured, before I joined the Company, to inform myself of the nature of these transactions, and I satisfied my own mind that there was nothing which was not of a legitimate nature in them, otherwise I should not have felt justified in joining the Committee. It is not for me to express an opinion as to whether it was or was not prudent in the shareholders to purchase their shares at so large an amount, considering that they now stand at $14\frac{3}{4}$ or $14\frac{1}{2}$, and that they purchased them at par. I can only say that I regret extremely that the calculations of those gentlemen did not turn out more favorable. What I have undertaken to do is this, as far as I have charge now of the interests of the Company, to endeavour to make that use of the territorial rights which the Company possess, to obtain for them a just and fair compensation, and, as far as we can, to secure the legitimate rights and interests of the Company. The shareholders purchased the territorial rights that the Company possessed, with the right of turning them to account in whatever might seem to be the best way. Now, if they determined when the poll was taken that the best

way was not to colonize the country, I think they determined rightly. I have not the least hesitation in saying so, because I think it would have involved a very large expenditure, which would not have been attended with results beneficial to the shareholders' pecuniary interest. But that does not prevent the shareholders, in the event of a transfer of their territory, from making a reasonable claim for compensation adequate to the vast amount of territory which they possess. Because they may not have been able to turn their territory to account in the manner in which they at first anticipated, it does not follow that they should now think that that territory is to be given away for nothing. I shall be no party to any such transaction. I cannot tell what may be the result of the negotiations and of the position of the Company, which requires, no doubt, very careful handling. What has recently taken place is certainly of great importance. A confederation has been formed in British North America, and an Act of Parliament has been passed in which power was given to the Government, on an address from the Canadian Parliament, to transfer the rights of this Company to Canada, upon such terms as the Queen might be advised by the Government to consent to. I do not for a moment doubt that the Government would have dealt honorably with the Company; but the Act certainly placed you to a certain extent in their hands. The Act of last Session was an improvement, and far more explicit as regards the rights of the Company. It was a great satisfaction to us to see that Act passed. The Act says that a surrender is to take place on such terms and conditions as shall be agreed upon between Her Majesty's Government and the said Governor and Company; so that we are recognised, as we always ought to have been recognised, as one of the parties to this transaction, and I am confident that, if we act with firmness and, at the same time, in a reasonable spirit, Government will treat this Com-

pany fairly, and that, eventually, a just agreement will be come to. Well, gentlemen, I cannot say that I can give any further answer to the dark intimations which have been given as to sums of money having been received by gentlemen connected with the management of the Company. All I can say is, that I do not hold in my possession the conscience of any man, but, as far as I know the character of the Committee of this Company, I should require the most stringent proof before I could believe that any of those gentlemen, in whose honor I have perfect faith, could be a party to such a transaction as has been hinted at. If they could, I have been most lamentably deceived in them. That is my opinion : but I must repeat I speak for myself only, and not for others. I hope that the management of the Company, as long as I am connected with it, at all events, whether approved by the shareholders or not, will be carried on in such a manner as to bear the strictest inquiry.

Mr. GERSTENBERG : The shareholder who spoke last stated that the subscription had not been fairly obtained. Now, I do not think there could be anything more inconsiderate, more unjust, and more disadvantageous to the interests of the Company than to make such a statement without accompanying it with sufficient proof. I will tell you why I consider the money has been fairly obtained. The Company was introduced by the Financial Society and a prospectus was placed before the public. I was one who originally subscribed, but, although it has, as the chairman said, turned out to be a bad speculation, I consider that I am bound by my bargain. Nothing was concealed. There were three elements. First, the business of the Company—that was fairly and correctly stated ; secondly, the assets in hand ; and, thirdly, the anticipation of the value of the territory. With regard to the first, I have never heard any proof that it was not sufficiently

stated, therefore, I cannot say that the money has not been fairly obtained. With regard to the anticipation, a serious charge has been brought against the directors—they may have been mistaken in their calculations. I will allude to that presently. The Financial Society issued a prospectus in 1863 at a time of great commercial speculation. I knew perfectly well, although I had nothing to do with it—I was absent, even, from London—that we were paying two millions for one million; but we were fairly told that it was so, consequently, the money was fairly obtained, and we must stand by our bargain whether it has turned out good or bad; it is no use crying off after it has turned out bad.

A SHAREHOLDER: The bargain has not been kept.

Mr. GERSTENBERG: That is another question. I only wish to point out that it is very undesirable to make any vague charges. If you bring forward charges, let us examine them and see what they are. Look at the case of Overend, Gurney and Company. That company was sold for £500,000. In that case there was a secret deed, and the state of the case was not fairly put before the shareholders, and, therefore, it is attempted to make the directors liable. But I maintain that when a speculative society, which was openly formed for the purpose of introducing speculative business, places before the public a company and an undertaking, and fairly states what it really means to do, it is unbusiness-like to cry off when you find that it has not turned out so profitably as you expected. If you are a shareholder of the Financial Society, you will find that several hundred thousand pounds have gone into their pockets. Nobody believed that they did the business for nothing. If you wanted to know the particulars you ought to have inquired before you asked for shares, and not complain now that you see that you paid an extravagant price at a time of over-speculation. In the last century, in Holland, they paid

6,000 florins for a tulip at the time of that great speculative mania. Now, with regard to the territory, we have grave cause for dissatisfaction. We paid one million premium for the value of the territory which we were going to colonize. Now, the directors have certainly not fulfilled the anticipations of the shareholders and their own promises and engagements made in the prospectus, and I do not think that they have acted with becoming courage and enterprise in such a Company as this. The Hudson's Bay Company was a very adventurous and courageous undertaking from the beginning. Now, it is said that the old directors were not courageous and adventurous enough, and the public were asked to pay a million pounds premium to somebody for obtaining this territory and making a proper use of it. I am far from sharing in the very pusillanimous decision or judgment that the directors have arrived at, that the territory is not worth a million; I believe it is worth two millions in proper hands. I have given particular attention to the subject, and I have read the admirable pamphlet of Mr. Dodds on this question. It has never yet been shown to my satisfaction, nor, I believe, to the satisfaction of the public, that this territory cannot be made available, and that the promises held out in the prospectus cannot be realized. Mr. Bonar, two years ago, with praiseworthy zeal in the interests of the Company, proposed to call the shareholders together and to form a Committee. I was anxious to join such a Committee, but when it was suggested that a Company should be formed, with subscription, registration, and so on, I declined it, because I thought it was a state within a state. If Mr. Bonar had followed the advice of some of his friends and formed a consulting committee, it would not have ended in nothing, or worse than nothing. Mr. Bonar, unfortunately, was obliged to leave Europe on that occasion, and the matter was left in Mr. Dodds' hands. Two years ago, Mr. Dodds came

here and proposed a resolution that this question of colonization should be dealt with. Something very mild and very timid, indeed, was proposed at the meeting. It was agreed before, that it should not be put to the vote of the shareholders who were absent and could not hear the arguments, but that it should be put to the vote at the meeting. However, Mr. Dodds, although he had agreed to that course, gave way to the great persuasive powers and dexterity of Sir E. Watkin, who said, "We must take the opinion of all the shareholders." Gentlemen, I do not agree in that at all. I believe the shareholders who come to this meeting and take an interest in the affairs of the Company are the proper persons to decide upon the policy to be pursued, and not those other shareholders who are absent and who have not before them the means of arriving at a just conclusion. I regret extremely that the Board of Directors have not given way to the almost unanimous opinion of the shareholders present on that occasion, that something should be attempted to redeem the promise in the prospectus. If the directors have such a bad opinion of the result, I believe it would have been wise policy to yield to the pressure of Mr. Bonar and others and make an attempt, because, having sacrificed £1,000,000 for goodwill, it would not have been too adventurous to sacrifice perhaps £50,000 or £80,000 more in making such an attempt. I do not wish to go into the question further. I refer the shareholders to the excellent speech and pamphlet of Mr. Dodds, who demonstrated that the contiguous territory of North America is progressing steadily, and that the value of the land has increased enormously. We have an unoccupied territory unequalled in the world, and such land in given quantity which is constantly required must rise in value. If the directors had, even at an extravagant expense, reclaimed a few thousand, or even a few hundred acres, the value of the surplus land would have been anti-

cipated, and risen in the market. That is the case everywhere in Europe and in different parts of America. As soon as a few acres begin to be of value there come speculators to buy the out-lying land at a higher price, and I maintain that, if the directors had made an attempt to cultivate some part of the territory, if they had chosen the most accessible and the best land to make a beginning, our anticipations would have been more than realised. I think it is not yet too late to press this upon the consideration of the directors. I think this Company is one entirely of speculation. We are not like gentlemen who invest their money at the Bank rate of 2 or $2\frac{1}{2}$ per cent. I consider that the directors have been too timid, too prudent, too conscientious, very likely. I do not charge them with any bad faith in any respect. I believe they are conscientiously desirous of promoting the best interests of the Company, but I think it requires that the shareholders should put a little pressure upon them. The noble Chairman has said that we must abide by the majority. Now, the law of the land formerly was representation by majority, but, since we have got the Minority Clause, I think that something might be done to carry out the views of the minority in companies of this kind.

Mr. ELEY : Allow me to say one word in explanation. It has been said that I was not justified in saying what I did, because I did not prove my statements. The reading of one paragraph alone will prove them. I think I was very explicit, and I do not consider that Mr. Gerstenberg has given me any reply. This is the paragraph to which I allude, in the prospectus issued with the sanction of our Directors. "Consistently with these objects,"—(that is the Fur Trade)—"the outlying estates and valuable farms will be realised where the land is not required for the use of the Company. The Southern District will be,"—not *may be* or we *hope may be*, but *will be*,—"opened to European

colonization under a liberal and systematic scheme of land settlement." And in order that you might not think that there were any obstacles in the way of carrying out this scheme, they go on to tell you :—" Possessing a staff of factors and officers who are distributed in small centres of civilization over the territory, the Company can, without creating new and costly establishments, inaugurate a new policy of colonization, and at the same time dispose of mining grants." That proves my case.

Mr. NEWMARCH: Allow me to suggest that one or two points have been left out of view. In the first place, it is not very wise in the middle of a negotiation with the Canadian government, to speak lightly of our territorial rights. I believe that the figure at which these rights stand in the accounts of the Company, is a very low figure, and I am firmly of opinion, that the lapse of time which has taken place since the first formation of the Company, has very much increased the real value of those territorial rights. It is true, as has been suggested, that certain definite intentions were entertained at the time the Company was altered from the old to the new form, and the paragraph which has just been read is very strong evidence of the views which were then entertained. But the proprietors of the Hudson's Bay Company do not require to be reminded that during the four or five years during which the Company has been in operation, very important changes have been in progress, not only in Canada itself but in all the countries surrounding the Hudson's Bay Territory. Mr. Gerstenberg, who spoke so well, said he thought it would have been worth while for the Committee to incur even so large an expenditure as £50,000 or £80,000 in order to carry out the experiment of colonization. The gentleman who preceded him complained that there was no dividend. Now, the proprietors must bear in mind that this is a Company which has no uncalled capital,

and therefore the expenditure of £50,000 or £80,000 for colonization really means no dividend at all. It means the application of the current revenue of the Company to what, after all, may turn out an unprofitable investment. In the face of that fact, I think the Committee exercised only due care and discretion in postponing, I do not say abandoning an experiment of that kind, until it can be ascertained what terms the Canadian Confederation will offer for our territory. It was known that we were in the market, it was known that we had these territorial rights, but unfortunately there was some degree of legal doubt and uncertainty about the ratification of these rights. Those doubts and that uncertainty have now been entirely removed by the Act of last year. That Act is most important in the history of the Company, and it has placed the Company in a much better position to negotiate than it was in before. We are in a position now to negotiate upon the best terms we can with the Canadian Confederation. The negotiation is going on, and it is very much assisted by the position we now hold before Her Majesty's government. I believe that the negotiation, if it is allowed to take its course quietly and firmly, will come to a successful issue, and will justify even the very large figure which, in the year 1863, was put upon our territorial rights. Mr. Gerstenberg was quite right when he said that the territory which the Company possesses is entirely unrivalled. There is no such territory available, either on the continent of North America or elsewhere, and those territorial rights which we possess are distinctly and legally representative of that great property and those great capabilities. I believe they are worth everything which the Company has asked for them, but I do submit as a matter of prudence that we are not taking quite the best course in our own interest, to speak disparagingly of the article we have to sell. We have a valuable article to sell, and if we cannot make a

bargain with the Canadian Confederation we can fall back upon the policy originally marked out, and if need be, adopt the course indicated by the previous speaker, namely, to incur some large expenditure, but I hope the proprietors will bear in mind that expenditure must affect their own dividend.

Mr. SKINNER: I believe, gentlemen, that the feeling of the proprietors must be that they have embarked in this Company, not to carry on a fur trade but to realize valuable property. I did not embark in it as a fur trading operation, and I think all the energies of the Committee, assisted as they will be now by the feeling of the general body of the proprietors, must be directed to realizing the land to the utmost. Whether that is to be done by negotiations or by the course suggested by the last speaker, is a matter which must be left in abeyance. I hope the Committee will not entertain for a moment any proposition coming from the Canadian government, which will involve us in surrendering our rights without ample consideration. I am induced to make this remark, in consequence of what has been stated in a circular issued by a very respectable member of the Company. I read with great distrust and apprehension that there was really such a proposal before the Committee, that we should, without consideration or with some very remote consideration, not appreciable by the Company, surrender our valuable territorial rights. As to our title to the land, there can be no question about it. It has been challenged repeatedly, and repeatedly confirmed. We did not want the Act of Parliament of last session to confirm it. I agree with the last speaker, that the Act places the Company in a better position, because power is given to guarantee interest upon the money that may be paid to us for the purchase of our rights. I should be loth to encourage any proposals from the government which are not based upon giving the Company ample pecuniary consideration.

Mr. SEWELL: It will be in your lordship's recollection, and I think in the recollection of your lordship's colleagues, that the vote of the shareholders to which you have referred as supporting the policy of the directors in non-colonization against the expressed wish of a large number of shareholders on the other side, was not taken upon the merits of the thing itself, but was made on the part of the Committee a question of confidence. I am averse ever to depart from the motto "*De mortuis nil nisi bonum*," but I must say with reference to your predecessor that he took me personally and my colleagues by surprise when at the meeting which followed our interview he did make it a question of a vote of confidence. I had put that question to him in something like these words: "We should be very sorry to do anything which would induce any resignation on the part of the Committee." I felt very strongly at that time that we were very much in the position of men who had embarked everything they had on board some vessel with a well-known captain and crew. We had embarked £2,000,000 of property under the idea and in the hope that we should be carried to some El Dorado, but after months of disappointment and weariness and storms we came, as it were to the captain and said, "Will you tell us why we do not get to land?" Then you turn round and say, "If you do not confide in us we will leave the helm and you shall carry the vessel whither you will. You are no sailors and you will all go to the bottom." That is what I felt to be the practical course pursued by any board of direction who upon the just representation of their shareholders turn round and say, "If you do not trust us take the matter into your own hands." My lord, I speak for myself and I speak conscientiously. We are not accustomed to see the value of our property depreciated in this way. What we complain of is this: there is a page in the history of this Company which the Committee have

never revealed to the shareholders. I do not wish to bring any charge against your lordship or any of your colleagues, but when rumours are made that large sums have been taken out of the capital of the Company and given for compensation or something of that kind, we should like the Committee to place confidence in the shareholders and be willing to explain it. If it is all clear there is no reason why it should not be explained. You ask from us implicit confidence. We should probably support you in all that you are doing. But we are kept in the dark, but some morning we may find in some Canadian newspaper that this territory has been made over to the Government for some inadequate price. If Mr. Newmarch had read the prospectus carefully he would have seen that there would be no subtraction from our dividend in consequence of colonization. The prospectus says that the Committee began with a handsome sum of £370,000 for the express purpose of extending the operations of the Company. Where is that sum? Of course it is amongst the assets of the Company, but if you are not going to colonize I beg to suggest that you ought to give us back that money. You have more capital than you want, and I am sure you would meet the wishes of a large body of the shareholders if you would return it. In the view of an entire abnegation of the colonization scheme, I would move that the Committee should take this subject into consideration and see whether the capital of the Company could not be diminished.

Mr. BRODRICK: I should like to say a few words upon the question of the Oregon territory. It is said that my Lord Stanley has been spoken to on the subject. The matter is in an extraordinary position, but still I feel that the Governor cannot be held responsible for laches com-

mitted with regard to those claims. It may be difficult to induce Secretaries for the Colonies to act in the executive, and produce the results that might be expected; but I am sure that you will allow that a single word said in Parliament in asking for papers and showing that there was a negotiation between the Imperial Government and the States Government, would have brought the matter to book.

The CHAIRMAN: I am unwilling to take up the time of the proprietors by entering upon a matter very simple in itself. The question of our claims in the Oregon territory was so far settled three or four years ago that a convention was concluded between the States Government and the Government of the Queen, by which commissioners were appointed to regulate the claims. But a commission often goes on very much like a Chancery suit. I do not believe that the business has been neglected, but it trails its slow length along. It ought to have been settled long ago.

The DEPUTY-GOVERNOR: Some reflections have been made with reference to the interests the directors may have had in the exchange of this property, which render it desirable for me to enter into some explanations. This Company was brought out by the International Financial Society, and most of the present directors were solicited by them to become directors. They had nothing whatever to do with the bargain between the old Hudson's Bay Company and the Financial Company. Whatever that bargain may have been, we are not in the secret, and are not in any way responsible for it. None of the directors here were holders of the old Hudson's Bay Stock to any large amount. And as to the New Stock they have never held more than a moderate amount. We were solicited

to become directors, and an early application was made to me, thinking I knew something about the fur trade. I was able to make conditions with reference to our joining the Board. And what were those conditions? The International Financial Society bought this property for £1,500,000, and, in the prospectus, they demanded £2,000,000. I told them I could not consent to £500,000 being made by the transaction, and that they must pay to the Hudson's Bay Company £200,000 in cash, otherwise I could not consent to become a director; and, further, they must guarantee that the money should all be raised. They entered into those obligations; and, in order to carry them out, what did they do? They thought it desirable to keep a large number of the shares, which were finally sold at a discount, leaving them a very moderate profit on the transaction. With regard to the statements made in the prospectus, what were they? It was stated that the previous business held out a prospect of 4 per cent. per annum dividend. Well, we have paid $4\frac{1}{2}$ per cent. There was a clause with reference to colonization; but, after the directors obtained information about the management of the business in the interior, the expenses required to make roads, build steam-boats, and, above all, to supply provisions to the new settlers, they found that it would be necessary to spend a large portion of the available capital of the Company for that purpose. They felt that, if they waited, the property would increase in value, and they would be able to get a return for their money, otherwise they might lose the whole stake; and, in their desire to do what was best for the interest of the proprietors, they issued a report and circular, stating their views, and asking the proprietors to vote with reference to colonization. The

gentleman who last spoke said it was a question of confidence. Sir E. Head may have said that the directors would retire in case another policy was carried out. Very likely they would have done so, because they would have felt that they were no longer able to manage the affairs of the Company successfully, and would desire to leave them to other hands. Sir E. Head honestly did what he thought best for the interest of the shareholders ; and I do say that, if we had thus early carried out the proposed policy of colonization, instead of your getting 4 per cent. dividend, you would have had none at all. There is no doubt whatever that you are not in a worse position for not having early carried out that policy. There may come a time when it may be necessary to alter our plans. At all events we should not have done our duty towards you if we had attempted colonization prematurely in the way that several gentlemen have recommended.

A SHAREHOLDER : What has become of the £370,000 ?

The DEPUTY-GOVERNOR : The working capital of the business has increased and must necessarily increase. The stock of goods in hand is larger. We bought several new ships, and it is impossible to carry on the trade from year to year without some increase in the capital. All the money we have is employed,—fully employed.

The CHAIRMAN : I agree with Mr. Newmarch that it would be to the last degree unwise, in this room to depreciate the value of the territory we possess. I believe that, far from our territory being worth less than it was a few years ago, it is worth more, and for this simple reason. The territory adjoining ours, principally occupied by the State of Minnesota, has been in rapid process of colonization, and naturally, as colonization approaches nearer to

our border, the time comes more near when our land will be available for settlement. I should have said, in addition to what has been mentioned as an objection to the colonization scheme, that it has always struck me, that even if this Company could,—I do not at this moment wish to express an opinion upon the matter, which would require very mature examination,—even if this Company could embark in a scheme of colonization, it never could be profitable to embark in it until the settlement has nearly reached our border. It is quite obvious that, whenever the day comes that the whole of the Territory of the United States bordering upon our own possessions is completely colonized, there will be a natural overflow of settlement into our territory, and if we should still hold the territory, that is, if we should not be able to make a satisfactory bargain for parting with it to the Canadian Confederation, the question of colonization would then assume a different aspect. I say that, because I should not like it to go forth to the world that it is the opinion of the Committee or of the shareholders, that the Company possesses no alternative whatever but that of parting with its property, at any sacrifice, to the Canadian Confederation. Our view and policy is this: it has always been stated in the previous negotiations that have taken place by the Committee, that this Company would not stand in the way of any reasonable arrangement which might be desired by the government: and I think we are bound not to do so. As trustees of a large portion of territory under the Queen, it would be quite useless for us to suppose that we could permanently stand in the way of an arrangement which Parliament and the government might think necessary for the colonization of so great a territory, but this I am quite sure we have a

right to insist upon, namely, that if we are to be put aside, we shall receive, as all bodies in similar circumstances do receive in this country, which is pre-eminently distinguished for its respect for proprietary rights, a just and fair compensation.

The motion for the adoption of the Report was then carried.

The CHAIRMAN: I have now to submit another motion to this meeting, viz., that Mr. William Quilter be appointed professional auditor for the year ensuing. The shareholders will observe that we do not propose the appointment of any other auditor. The reason is this: Sir E. Watkin has signified his desire not to be proposed again as auditor, and the Committee are of opinion that it is not necessary to suggest to the shareholders to elect any person in his place. His salary of £150 a year will thus be saved to the Company. It will be sufficient that the professional audit appointed should have charge of this important part of the business.

The motion was carried unanimously.

A vote of thanks to the chairman having been passed and duly acknowledged, the meeting adjourned.